

DISRUPT OR BE DISRUPTED

A blueprint for change in

MANAGEMENT EDUCATION

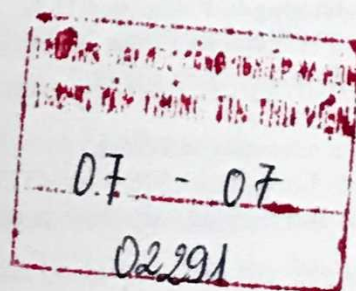


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FOREWORD

The MBA program, the flagship of business schools, was the greatest educational innovation of the twentieth century. I base this claim on at least three characteristics of the program: the case method, the transformational experience, and internationalization. Although business schools did not pioneer the case method—law schools did so—they made the case method discussion into a dynamic experience that brought a slice of real life into the classroom. In addition, the MBA was not just an educational experience but a transformational one. Both in the classroom and through the increasingly important extracurricular activities, students found their capabilities stretched not just technically but in terms of personal development. Graduates of good business schools found themselves transformed as people. More recently, the rapid internationalization of the student population of many full-time MBA programs, combined with the emphasis on group work, has given students a far more multicultural experience than those provided by other educational programs.

In the twenty-first century, the MBA and business schools face many challenges, most of which are ably addressed in this book. In this foreword I focus on the challenges that concern me the most. I do so based on my experience as regular or visiting faculty, and dean or associate dean, at top business schools on three continents.

The central ongoing challenge for a business school is that it is both a business and a school, a much stronger challenge

than faced by other academic fields. Business schools have two audiences: academics and business practitioners. Furthermore, because academics are outside of business organizations, we cannot directly participate in or easily observe what is happening inside them. In contrast, just comparing ourselves to other professional subjects, a medical academic does research on the same human bodies on which doctors practice, a legal academic uses the same legal materials as does a practicing lawyer, and an engineering academic researches the same bridge structure as may be built by a practicing engineer.

This dual audience of business schools requires dual roles, which in turn may create a misalignment of the interests of the school and of individual faculty members. A school prospers by satisfying both its business and its academic audiences—and financially by attending to the business audience. In contrast, a faculty member can do very well focusing on just the academic audience. This split from practice is getting worse as more and more new faculty members start off in nonbusiness disciplines such as economics and psychology. Being embedded in universities drives this phenomenon. Interestingly, in Europe, where many schools have started outside of universities, most of the highest-ranked schools are stand-alone or have very loose links with a parent university (eight of the top ten in the *Financial Times* ranking of 2012).

This duality lies at the heart of the challenge to the sustainability of the business model of business schools, as discussed in a number of chapters in this book. The drive for research that seldom feeds directly into teaching means that less than half, in some schools much less, of faculty time is relevant to teaching. This effect holds up a high-cost umbrella for potential disruptors. Duke Corporate Education was the pioneer in leveraging teaching stars developed by the investments of other business schools. Certainly, in nondegree programs, we can expect to see more such disruption, and soon in degree programs also.

The duality also makes the role of the dean of a business school increasingly difficult. More than in other fields, the dean

of a business school is trying to run a business. Typically, the dean's role is to close the gap between faculty interest in academic research and the need to deploy faculty for practitioner engagement. Schools often seek to appoint former practitioners as their deans, with risky results. Recently, three of the top European business schools had to replace their new nonacademic deans within two years of their appointments.

The final issue I raise is the 900-pound gorilla in the room: rankings. The first widely followed ranking, that by *Bloomberg Businessweek*, quickly generated changed behavior by business schools. But because that ranking used only three measures, there was a limited amount that schools could address. The advent of multiple-item ratings, especially those of the *Financial Times*, has given much more scope for redesign of programs that can improve a school's ranking. I know, because as the academic dean for the MBA program at London Business School, I redesigned the program in a way that helped lead the MBA to the number one ranking in the world for three years in a row. Rankings create a virtuous cycle of increased applications, more revenues, better teaching and research, back again to better rankings. But chasing rankings can be a Faustian bargain.

This book does a great job of tackling the many different issues facing graduate business schools today. The authors represent a wide range of schools and perspectives. It is essential reading for all those involved in the leadership of business schools, not just faculty but also those executives who sit on advisory boards and governing bodies. I recommend that deans give copies of this book to all their board members.

George S. Yip
May 2013

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